

Employment relationship and hrm



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In a market economy the employment relationship (ER) is understood between contending forces of conflict and co-operation, core features are said to be the effort-reward bargain, unbalanced power and the status of labour as a commodity (D'Art and Turner, 2006). Therefore it appears inevitable that a structured antagonism is built into the basis of the ER. In order for the ER to be and remain productive, these sources of tension must be regulated in some way (Huiskamp and Kluytmans, 2004).

After assessing the ER in a market economy, this essay discusses the prevalence of human resource management (HRM) and its new strategy for managing the ER. It also investigates the concept of soft HRM and finally through the construct of the psychological contract (PC), it considers the strengths and limitations of HRM managing the ER in a market economy.

Discussion

The term industrial relations (IR) came into use during the 1920s as a response to the worldwide labour problem. During this time the ER was characterised by unregulated free trade in labour, harsh management practices and regarded labour as a commodity (Kaufman, 2010). Since, the terms personnel management (PM) and human resource management (HRM)

have displaced IR with both used interchangeably, the latter prevailing as the most commonly employed today.

Accompanying the name change was a transformation in the wider economic- political arenas in which organisations operated, central themes included privatisation, deregulation and shareholder predominance (Muellar and Carter, 2005). Consequently the ER underwent fundamental changes as organisations began operating in increasingly competitive markets with greater pressure on costs.

These external influences gave rise to tension in managing labour within the market economy with organisations less able to sustain previous commitments of lifetime employment and job security (Cullinane and Dundon, 2006). Managers faced a dilemma ' reduce costs yet somehow promote security'. Effectively managers were presented with a paradox, exercise control whilst simultaneously gaining co-operation from employees, thus the perceived inadequacies of PM's existing top down, bureaucratic labour management practices (Shields and Grant, 2010) were no longer viable. A new managerial control strategy was required.

Faced with this paradox, how then do organisations elicit commitment from employees within a market economy?

With its " apocryphal claim of people are our most valued resource" (Delbridge and Keenoy 2010, p. 801), HRM attempt to regulate the intrinsic sources of tension within the ER and maintain employee co-operation by introducing changes to the mutual benefit of both parties. The ER has changed under the label of HRM with an increased emphasis from collective

to an individualistic nature. In raising the “ spectre of individualisation” Rose (1994, p. 36) HRM developed sophisticated practices characterised by a soft conception of HRM. It incorporated schemes such as employee involvement, direct communications and autonomy, each designed to promote loyalty, commitment and help foster a sense of identification with the organisation.

In utilising such methods HRMist’s attempt to harness labour power by giving employees autonomy, encouraging them to be creative and adaptable to changing situations. Consequently HRMist’s believe these innovative techniques will accentuate intrinsic desired attitudes like value-alignment, commitment, trust and intrinsic motivation (Shields and Grant, 2010). Ultimately resulting in productivity and adaptability, both of which are deemed crucial in a market economy.

One important construct to explain the ER’s changing nature is the paradigm of the Psychological Contract (PC), defined by Rousseau (1998, p. 665) as “ the perception of an exchange agreement between oneself and another party”. Rousseau categorised two types of PC, transactional and relational. The former emphasised short term, economic exchange where employees lack organisational commitment. In contrast, the latter characterised by long term social exchange emphasising loyalty, communication and autonomy. Consequently, the relational contract appears of more value for organisations future sustainability.

HRM utilise the PC as an instrument for improving employee productivity and organisational performance. Rather than traditional views based on perception of various environmental/physical work place factors affecting the

PC, HRM lean towards a relational contract designed to have a durable effect on employee attitudes and perceptions. In doing so a new ER has formed where both employee and employer expectations have changed. Employee expectations of fairness, trust and perception of being valued are foregrounded using soft HRM practices promoting involvement, autonomy and teamwork, consequently eliciting discretionary effort and behaviour. Management then expect employee flexibility, commitment and exemplary organisational behaviour. Therefore the PC becomes increasingly salient in times of rapid change (Bligh and Carsten, 2005).

HRM's new strategy therefore implies a de-commodification of labour. Unsurprisingly proponents of HRM suggest the function has provided somewhat of an organisational panacea (Glover, 2000) represented by "HRM as the king in the middle, standing between warring employers and employees" (Kaufman 2010, p. 82), thus restoring peace and removing any power imbalance and conflict. It would appear that the structured antagonisms of the past have been replaced by improved managerial techniques seeking active co-operation rather than mere compliance, and promotion of mutual benefits and unity of interest (Kaufman, 2008).

Some commentators however provide an alternative, more sceptical view, suggesting that mainstream HRM research offers a myopic analysis of the ER. Alvesson and Karreman (2007) propose HRM provides a façade and obscures more than it reveals as managers attempt to ensure conformity, intensify work and adopt close control of labour in pursuit of their own interests.

Organisations are systems of controlled and coordinated activities where shareholder interests dominate at the expense of employees. Despite the interdependence of both parties, power significantly resides with the employer who decides and implements the rules that govern the workplace and ER. Essentially, HRM is part of an organisational strategy for change that seeks to maintain social normative order and co-operation by promoting mutual benefits through use of high involvement and commitment schemes (Rose, 1994).

Foucault (1983) contended power works best when it is accepted willingly by all parties, thus the so called soft HRM techniques and commitments strategies appealing to the self interests of employees are in fact nothing more than a rhetoric masking a hard reality, characterised by work intensification and job insecurity. Through this rhetoric employers attempt to “ govern the soul” of employees (Rose cited in Delbridge and Keenoy 2010, p. 801) as it provides a less conspicuous and a more effective means of control.

The PC isn't a theory, nor a measure, it is a managerial construct (Rousseau, 1998) through which HRM attempt to reconstruct the ER as an exchange between consenting parties rather than economic exchange between buyers and sellers of labour (Steers, 2002). Through the PC HRM offers an unrealistic view of the ER reinforcing unitarism, yet it is an axiom that employee and employer expectations shift at different times, thus rejecting assumptions of consensus and unity. Furthermore, instead of acknowledging inherent antagonisms, under HRM co-operation displaces conflict using rhetorical discourse and practices that coordinate the entire division of labour

(Kaufman, 2010). Instead, conflict is only recognised in its breach. Unlike legal contracts however, which allow aggrieved employees to seek justice through an employment tribunal, the PC offers no such recourse, employees can choose to only withhold effort or withdraw their labour.

Psychology is subjective and individuals construct their own meanings, HRM attempt to influence these meanings through the PC and language that secures consent and mould employees to change their attitudes, perceptions and behaviours. The relational contract thus appears redundant as employers use coercive influence guised as an invisible hand (Kaufman, 2008) to provoke and incite certain courses of action and deny others (Foucault, 1983). The PC then acts as a “ moral reference point” (Steers 2002, p. 5) from which employees act accordingly to fit and be part of the organisation, thus they self regulate.

With the aim of producing a more malleable workforce, Shields and Grant (2010, p. 61) propose sophisticated HRM practices are developed in order to “ psychologise the employee subject into a resource object”, HRM then serve to render employee behaviour predictable, calculable and therefore manipulable (Townley, 1993). Rather than being a valued source of competitive advantage, employees are seen as factors of production, thus the re-commodification of labour.

Attempts by HRM to gain total control of employees though are simply an aspiration, as unlike other resources labour is embodied and unique (Shields and Grant, 2010). The indeterminacy of labour and strategies to control

labour result in employers and employees locked in contradictory and antagonistic relationships (Edwards, 2003).

Summary

In a market economy the ER is about organising human resources in light of productive aims of the organisation (Edwards, 2003). HRM provide an ambitious system seeing employees developed into a competent, motivated, well functioning workforce (Alvesson and Karreman. 2007).

Despite novel and sophisticated HRM practices, the ER is treated by HRM as part of the background, instead mainstream HRM theorists focus on employee psychology placing emphasis on individual motivation, discretionary effort and commitment (Delbridge and Keenoy, 2010).

Deploying a discourse and practices they seek to individualise, objectify and discipline employees, HRM endeavour to shape employees subjectivities and concept of the self (Townley, 1993). Influence is exerted by way of ensuring conformity, hence the degree in which employees will change their behaviour, views and attitudes to fit with and be part of the organisation.

In a market economy, managerial prerogative prevails regardless of the employees psychological expectations, therefore any claims by HRMists of soft HRM mechanisms promoting mutual benefits are opposed. Instead HRM can be viewed as developing a soft rhetoric concealing the manipulative managerial approaches and work intensification to benefit shareholders, rather than invest in the perception of caring for employees.

Despite controversy and criticisms of HRM practices and techniques, HRM have a positive affect on organisations as it is powerful enough to

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manipulate employees, and in practice HRM grows stronger (Guest, 1998). Keenoy (1999) concurs suggesting this is either because HRM feeds on its own inadequacies, or academics simply fail to see what it is. Ultimately, the ER is open ended and uncertain, the contradictory principles inherent within it, such as conflict and co-operation will persist and the discursive debates with continue to be contested.

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